

C. Budget and Financial Matters

This section of the Indianapolis Project School Prospectus as well as the budget worksheets and the cash flow analysis have been extensively reviewed by outside experts in school finance and have been adjusted and revised based on their expertise and professional advice.

The Founding group

The Project School founding group has experience with budgets and financial management at the school building and district level. Two of the founding group members have served as building level administrators. This experience includes the vast array of financial and fiscal responsibilities a school administrator takes on including managing instructional supply budgets, PTO funds, professional development funds, capital projects, facilities, buildings and grounds, technology, etc. The group also has founding members who have extensive experience with state, federal, and private grant writing and management. That being said, this group realizes that the financial management of a charter school creates unique challenges and intricacies. The founding group has enlisted the help and services of community representatives with a diverse set of financial, legal, and business skills, as well as school finance experts and service providers.

The Business Advisory Council

In The Project School governance structure there is a Business Advisory Council that assumes the responsibility for consulting and advising on all business aspects of the school. This advisory council includes representatives that have specific financial, fundraising, marketing, and legal expertise. The Business Advisory Council and school leadership in conjunction with contracted on-site business management consulting and book keeping services will:

- Create an annual operating budget for the school.
- Meet monthly with the business council and school leadership to review the budget and address any concerns or issues.
- Develop an annual financial timeline for the school
- Develop The Project School accounting and finance manual
- Ensure proper accounting and reporting practices.
- Create a systematic fundraising plan for the school.
- Meet with and report to the Governing Board bi-Monthly on all business matters including budget and all fiscal matters.
- Review and evaluate the school's relationship and contract with any outside accounting or book keeping service provider.

The Governing Board

The Governing Board of The Project School holds ultimate financial oversight of the Indianapolis Project School. While the Business Advisory Council, school leadership and contracted business management consultants will hold primary responsibility for creating and maintaining a sound budget for the school, those persons will report directly to the Governing Board who will ultimately approve and be responsible for all budget and financial matters for the school.

The Principal Teacher and Administrative Assistant / Business Manager

The Principal Teacher and the administrative assistant will be responsible for the day-to-day financial management at the building level. The Principal Teacher will work within the proposed budget and will make all budget decisions based on The Project School's core beliefs, mission, and educational program. The Principal Teacher will meet at least monthly with the Business Advisory Council and will consult with that group as needed throughout the year. In addition, the Indianapolis Project School will have contracted on-site business management consultants and a contract for book keeping and accounting. The Principal Teacher will work closely with the business management consultants to build internal financial capacity for the school. There will be quarterly budget meetings to review the current year's budget, prepare for reporting and audits, and prepare the operating budget for the next fiscal year. The Project School currently has additional money budgeted for contracted services ((financial, legal, marketing, etc.), an annual outside audit, and business management services.

Administrative Assistant responsibilities would include:

- School Treasurer
- Purchase Orders
- Prepare Deposits
- Open Mail
- Match Purchase Orders to Vouchers
- Prepare Vouchers
- Prepare Information for Payroll processing
- Maintain Teacher attendance logs
- Maintain Student attendance logs
- Organize Substitute Teachers
- Assist Principal when needed
- Help with Phone answering
- File proper paper work when new hires come on board with proper agencies such as PERF or TRF
- Work with Principal to see ADM count is administered properly
- Maintain school calendar
- Help with Grant management

Book Keeping and On-site Business Management Consulting

The Indianapolis Project School has been in serious conversation with Beth Reynolds at Book Keeping Plus about the financial and business management of the school. Most recently Ms. Reynolds has helped the Founding Group review and revise the budget and cash flow analysis of the Indianapolis Project School. In consultation with Book Keeping Plus, the Indianapolis Project School has identified its business management needs and has budgeted for Book Keeping Plus' highest level of support for the first five years of operation.

Book Keeping Plus responsibilities would include:

- Pay all bills upon receipt of approved vouchers from the school
- Prepare financial statements for Board meetings
- Prepare Form -9 (Statutory) Reports due every 6 months to the IN DOE
- Management of Grant Reports

- Coordinate with SBOA auditors to provide timely information
- Record all receipts/deposits
- Prepare Purchase orders when required
- Monthly bank reconciliations
- Maintain chart of accounts using account numbers required by SBOA
- Maintain records in both QuickBooks and Komputrol for ease of reporting to assorted parties.
- Preparation of quarterly reports and payments for TRF and PERF for all employees
- Prepare payroll entries upon receipt of payroll information from appropriate entity
- Help in setup process of accounting and record keeping
- Help with budgets as needed
- Assist school adhere to the budget
- Maintain records for the SBOA auditors and assist during audit for a smooth process
- Prepare monthly financial statements
- Prepare reports for your authorizer for analyze
- Assist with initial process of ordering SBOA approved forms
- Assist setting up payroll services
- Setup Komputrol and QuickBooks for financial reporting
- Answer and assist with any questions regarding the finances of the school
- Assist in getting procedures in place for easy flow for both school as well as BPI to help minimize the cost
- Help with grant management
- Prepare grant reports as needed
- Help with grant proposals
- Work with the office manager at school level to prepare information in most efficient manner
- Overall financial management for school as requested

The Indianapolis Project School, through multiple conversations with Book Keeping Plus, has articulated its need and desire to build internal capacity to maintain a financial robust school, which includes the capacity to manage all financial and business aspects of the school in an ethical and fiscally responsible manner. As a result, in addition to the responsibilities above, Book Keeping Plus will work with the Indianapolis Project School Governing Board, Business Advisory Council, Principal Teacher, and Administrative Assistant/Office Manager on the intricacies of charter school finance.

Operating Budget

In creating a preliminary budget for the Project School, the founding group studied and analyzed numerous charter school statements of intent, prospectus, and full charters, as well as consulting with charter school leaders, financial analysts, and the Indiana Department of Education. The operating budget has most recently been reviewed by Book Keeping Plus and two independent charter school financial consultants; revisions and adjustments have been made based on those reviews. The estimates used in the budget are conservative in nature in that we have underestimated revenues and overestimated expenditures. The Indianapolis Project School will open in the fall of 2008 with two hundred students and will grow by fifty students per year.

Revenue Assumptions:

Grants / Loans:

- Federal Charter School Planning Grant (Pre-Operational)

- **Total Revenue = \$60,000.00** (Could be up to \$75,000.00)
- Federal Charter School Start-up Grant (Year One and Two)
 - **Total Revenue = \$125,000.00** (Could be up to \$175,000.00)
- We have very recently submitted a planning grant proposal that will be used specifically to strengthen the school's business plan and capacity, but have not included that in the budget.
- In year one the Indianapolis Project School will take a loan from the State Bond Bank in semester two to cover a shortfall in May of 2009. This will be paid back immediately in June of 2009 upon the receipt of funds from the local auditor.
- Common School Loan (Year One)
 - **Total Common School Loan Revenue = Calculated using the formula outlined in Indiana code**

Per Pupil Payments:

Grades 1 – 7:

The Indianapolis Project School anticipates that more than 90% of its student population will reside in the Indianapolis Public Schools district and that the other 10% will come from the remaining districts in Marion County. Because of this estimation of student population and the most recent changes in charter school per pupil funding, the per pupil payment for the Indianapolis Project School is based on the IPS projected per pupil payment for 2008-2009 of \$7200 for 85% of the student population and an average per pupil payment for the rest of Marion County of \$5450 was used for the remaining 15%.

Kindergarten:

Per pupil funding for the kindergarten student population was calculated using three revenue sources: one half of the per pupil payment for IPS and the Marion County average (using the same 85% / 15% ratio as for grades 1-3), the estimated kindergarten grant amount for 2007-08 (\$677.00 / Student), the additional revenue will be recovered by either Title One funds when appropriate or a fee structure for families that do not qualify for free and reduced lunch. The Project School anticipates that it will not recover 25% of the full kindergarten per pupil revenue.

Below is the per pupil revenue breakdown for year one:

Grades 1 – 3:

- 15% of Students from Outside IPS
 - \$5450.00 / Student – Averaged all per pupil payments for Marion County Schools
 - 15% = approx. 22 Students +/-
 - **Total Revenue = \$119,000.00**

- 85% of Students from Inside IPS
 - \$7200.00 / Student for 2008
 - 85% = approx. 128 Students +/-
 - **Total Revenue = \$921,600.00**

****Total Grades 1-3 Revenue = \$1,040,600.00**

Kindergarten

- 15% of Students from Outside IPS Paid at ½ of the total per pupil payment
 - \$2725.00 / Student – Averaged all per pupil payments for Marion County Schools
 - 15% = approx. 7 Students +/-
 - **Total Revenue = \$19,075.00**
- 85% of Students from Inside IPS Paid at ½ of the total per pupil payment
 - \$3600.00 / Student for 2008
 - 85% = approx. 43 Students +/-
 - **Total Revenue = \$154,800.00**
- Full Day Kindergarten Grant
 - \$677.00 / Student
 - **Total Revenue = \$33,850.00**
- Project School Full Day Kindergarten Fee / Title One Subsidy
 - Total un-recovered per pupil payment = \$140,025
 - Estimated to recover approx. 50% through Title One
 - Estimated to recover 25% through Project School full day K fee
 - Estimate that 25% of the full per pupil payment will not be recovered
 - **Total Revenue = \$105,018.75**

Revenue Totals:

****Total Kindergarten Revenue = \$312,743.75**

****Total K – 3 Revenue = \$1,353,343.75**

Additional Revenue Assumptions not Budgeted:

- We anticipate that we will receive categorical Title I funding that will add to our total revenue, but have not included that in the estimated budget.
- We anticipate receiving various grants and donations from foundations, corporations, and individuals, but have not included those in the estimated budget. Not including those gifts in the budget will allow us to use those funds to establish an endowment to financially sustain the school in future years.
- We anticipate recovering text book costs in an amount up to 25% and have not included that in the estimated budget. We have budgeted for an additional \$400 per student for textbooks and supplies.

- We have budgeted for one full time special education teacher/director and have not included any special education revenue that we will collect.
- We anticipate transportation to be provided by families, but have calculated \$100 per student for transportation.

Expenditures Year One:

Salaries:

- Principal Teacher - \$75,000 (Increases by \$2500 each year)
- 8 Classroom Teachers - \$46,000/teacher
- 1 Technology Infusion Specialist - \$50,000 (Increases by \$2000 each year)
- 1 Arts Infusion Specialist - \$46,000
- 1 Special Education Teacher/Director - \$46,000
- Custodial - \$30,000 (Contracted)
- Business Management and Book Keeping (Contracted) - \$30,000 (Increases by \$2500 each year)
- Professional Development / Curriculum - \$40,000 (Increases by \$8000 each year)
- Substitute Teachers - \$8500 (Increases by \$750 each year)
- Board Recruitment and Development - \$2000

(The average teacher/specialist salary of \$46,000 was based on the Indianapolis Public Schools salary schedule. The salary of current members of the founding group projected to teach at the school in year one and the salary of a teacher with five years of experience were used in arriving at this average. The average salary increases by \$2000 each year for classroom teachers, special education teachers, and special area teachers.)

- Administrative Assistant - \$30,000 (Increases by \$1000 each year)

Benefits:

- Benefits Calculated at 21% of Salary
- Payroll Tax Calculated at 7.65% of Salary

Staffing Pattern:

The Indianapolis Project School staffing pattern adds two classroom teachers with the addition of 50 students each year. In addition, in year two a ½ time music infusion specialist is added to the staff and becomes full time by year 5. In the 5 year budget no Title I funds or special education funds are accounted for. These funds will be used to add special education and Title I staff as appropriate. Each year the Indianapolis Project School has a surplus of revenue that has been balanced in the last column (marked “balance or surplus”) of the budget. This surplus could be used to add part-time staff or instructional assistants as needed. The Project School faculty, Education Council, and Governing Board will collaborate to make those decisions as student needs become clear.

Facilities Year One:

- Lease \$150,000 (Increases by \$50,000 per year)
- Custodial Services - \$30,000
- Utilities - \$50,000 (Increases by \$5,000 per year)

Materials, supplies and equipment:

- Textbooks and Supplies - \$400 per student

- Curriculum Development - \$40,000 (Increases by \$8000 per year)
- Assessments - \$50 per student
- Instructional Equipment - \$10,000
- Library - \$15,000 (First two years)
- Copying and Reproduction - \$50 per student
- Postage - \$50 per student
- Telecom - \$50 per student
- Technology - \$34,000 (First two years)
- Classroom Furniture - \$100 per student (First two years)
- Office Furniture - \$10,000 (First two Years)
- Office Supplies - \$10,000

Miscellaneous:

- Transportation - \$20,000
- Contracted Services - \$8,000
- Insurance - \$45,000 (Increases by \$5,000 per year)
- Accounting Fee (Including payroll, audit, and tax return) - \$15,000
- Legal Fees - \$5000 (First two years)
- Field Trips - \$2000 (Increases by \$500 per year)
- Marketing - \$5000
- Food Service - \$12,000 (Increases by \$3000 per year)
- Debt Service (Common School Loan) - \$51,216.00

The Project School will be working with its Business Council as well as Mike Higbee and MBLLC in the next thirty days to complete a more detailed operating budget including a 5 year facilities, marketing, and fundraising plan.

***SEE INDIANPOLIS PROJECT SCHOOL 5 YEAR BUDGET AND CASH FLOW ANALYSIS**